

AMENDED IN ASSEMBLY JUNE 15, 2009

AMENDED IN SENATE MAY 28, 2009

AMENDED IN SENATE MAY 20, 2009

AMENDED IN SENATE MAY 5, 2009

AMENDED IN SENATE APRIL 14, 2009

SENATE BILL

No. 488

Introduced by Senator Pavley

February 26, 2009

An act to add ~~Chapter 10.9 (commencing with Section 25945) to Division 15 of the Public Resources Code, and to amend Section 739 of, and to add and repeal Section 9505 to, and to add and repeal Chapter 6.1 (commencing with Section 2795) of Part 2 of Division 1 of, the Public Utilities Code, relating to energy.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 488, as amended, Pavley. Energy: energy usage information.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. The existing Public Utilities Act requires each electrical corporation and each gas corporation to disclose on the residential customer's billing statement specified information on usage and cost, and contact information for the commission's Consumer Affairs Branch, and to make available online to residential customers specified information on usage and energy conservation measures. The act authorizes the commission to modify, adjust, or add to these requirements as the individual circumstances of each electrical corporation or gas corporation merit,

or for master-meter customers, as individual circumstances merit. The act requires the commission, as part of the general rate case of an electrical corporation or gas corporation, to assess opportunities to improve the quality of information contained in the utility's periodic billings.

This bill would require the commission, on or before July 1, 2010, to require each electrical corporation and each gas corporation *with more than 55,000 residential customer service connections that does not already have such a program*, to adopt a pilot program to disclose, not less frequently than quarterly, either in a separate mailing or on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area. The bill would require the commission to require each electrical corporation and each gas corporation *with more than 55,000 residential customer service connections*, to identify those residences that used significantly more energy during the period than was used by similar residences with comparable household square footage in the subscriber's geographical area and to ensure that information is provided most frequently to those subscribers on energy saving strategies or programs available to assist in financing energy efficiency improvements, in addition to the above-described information relative to energy usage. The bill would require that the cost of any pilot program adopted pursuant to these requirements be recovered only from the residential ratepayers of the electrical corporation or gas corporation. The bill would require each electrical corporation and each gas corporation *with more than 55,000 residential customer service connections*, on or before July 1, 2011, and each July 1 thereafter, to submit to the commission and the Legislature a report on the energy savings resulting from the pilot program adopted by the utility. *These requirements would become inoperative on July 1, 2014, and would repeal on January 1, 2015.*

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill ~~are within the act and~~ require action by the commission to implement its requirements, a violation of ~~these provisions~~ *the commission's requirements* would impose a state-mandated local program by creating a new crime.

(2) Existing law defines weatherization and requires each publicly owned electric and gas utility that provides the energy for space heating

for low-income customers to provide home weatherization services for those customers if a significant need for those services exists in the utility's service territory, taking into consideration both the cost-effectiveness of the services and the public policy of reducing financial hardships facing low-income households. Existing law requires each publicly owned electric and gas utility to submit a biennial report to the State Energy Resources Conservation and Development Commission (Energy Commission) describing the status of its low-income weatherization programs.

This bill would require each local publicly owned electric utility and each local publicly owned gas utility *with more than 55,000 residential customer service connections that does not already have such a program*, on or before July 1, 2010, to adopt a pilot program to disclose, not less frequently than quarterly, either in a separate mailing or on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area. The bill would require each local publicly owned electric utility and each local publicly owned gas utility *adopting a pilot program pursuant to the above-described requirement*, to identify those residences that used significantly more energy during the period than was used by similar residences with comparable household square footage in the subscriber's geographical area and to ensure that information is provided most frequently to those subscribers on energy saving strategies or programs available to assist in financing energy efficiency improvements, in addition to the above-described information relative to energy usage. The bill would require each local publicly owned electric utility and each local publicly owned gas utility *adopting a pilot program pursuant to the above-described requirement*, on or before July 1, 2011, and by July 1 each year thereafter, to report to the Energy Commission on the energy savings resulting from the pilot program adopted by the utility pursuant to these requirements. *These requirements would become inoperative on July 1, 2014, and would repeal on January 1, 2015.* By placing additional requirements upon local publicly owned electric and gas utilities, the bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 6.1 (commencing with Section 2795) is
2 added to Part 2 of Division 1 of the Public Utilities Code, to read:

3
4 CHAPTER 6.1. ENERGY USAGE DISCLOSURE PILOT PROGRAM
5

6 2795. In order to encourage energy savings through behavioral
7 change, on or before July 1, 2010, the commission shall require
8 each electrical corporation and each gas corporation with more
9 than 55,000 residential customer service connections that does
10 not already have such a program, to adopt a pilot program to
11 disclose, not less frequently than quarterly, either in a separate
12 mailing or on the billing statement of a residential subscriber,
13 information documenting the amount of energy used by the metered
14 residence compared to similar residences in the subscriber's
15 geographical area. The commission shall ensure that the pilot
16 program reaches a statistically significant sampling of utility
17 customers from, where applicable, diverse geographical areas,
18 climate zones, and socioeconomic backgrounds.

19 2796. The commission shall require each electrical corporation
20 and each gas corporation having a preexisting pilot program or
21 a pilot program adopted pursuant to Section 2795, to identify those
22 residences that used significantly more energy during the period
23 than was used by similar residences with comparable household
24 square footage in the subscriber's geographical area and ensure
25 that information is provided most frequently to those subscribers
26 on energy saving strategies or programs available to assist in
27 financing energy efficiency improvements, in addition to the
28 information required pursuant to Section 2795. A utility customer
29 may expressly consent to receive this information through
30 electronic mail rather than through the United States Postal
31 Service.

32 2797. On or before July 1, 2011, and each July 1 thereafter,
33 each electrical corporation and each gas corporation having a
34 preexisting program or a pilot program adopted pursuant to
35 Section 2795, shall submit to the commission and the Legislature

a report on the energy savings resulting from the program. The commission shall assess the energy savings resulting from the program and include those savings in the commission's evaluation of the utility's overall energy efficiency programs and in establishing targets for the utility pursuant to Section 454.55 or 454.56. Energy savings shall be measured using methodologies meeting the suggestions of the National Action Plan for Energy Efficiency, a private-public initiative to create a sustainable, aggressive national commitment to energy efficiency through the collaborative efforts of the natural gas and electrical industries, utility regulators, and other partner organizations and facilitated by the United States Department of Energy and the United States Environmental Protection Agency.

2798. The cost of any pilot program adopted pursuant to this chapter shall be recovered only from the residential ratepayers of the electrical corporation or gas corporation.

2799. This chapter shall become inoperative on July 1, 2014, and, as of January 1, 2015, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2015, deletes or extends the dates on which it becomes inoperative and is repealed.

~~SECTION 1. Chapter 10.9 (commencing with Section 25945) is added to Division 15 of the Public Resources Code, to read:~~

~~CHAPTER 10.9. ENERGY EFFICIENCY FINANCING PROGRAM~~

~~25945. The Legislature finds and declares all of the following:~~

~~(a) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) requires the State Air Resources Board to design emissions reduction measures in a manner that minimizes costs and maximizes benefits for California's economy, maximizes additional environmental and economic cobenefits for California, and complements the state's efforts to improve air quality.~~

~~(b) To achieve the goals of the California Global Warming Solutions Act of 2006, every sector must explore opportunities to reduce energy consumption and related greenhouse gas emissions.~~

~~(c) There exist significant opportunities for cost-effective energy efficiency improvements in all types of existing structures, including residential, commercial, industrial, and municipal.~~

~~(d) California needs a systematic approach to providing every utility-using structure in the state with an energy audit and the opportunity to increase energy efficiency by 2020, to meet the goals of the California Global Warming Solutions Act of 2006.~~

~~SEC. 2. Section 739 of the Public Utilities Code is amended to read:~~

~~739. (a) As used in this section:~~

~~(1) “Baseline quantity” means a quantity of electricity or gas allocated by the commission for residential customers based on from 50 to 60 percent of average residential consumption of these commodities, except that, for residential gas customers and for all electric residential customers, the baseline quantity shall be established at from 60 to 70 percent of average residential consumption during the winter heating season. In establishing the baseline quantities, the commission shall take into account climatic and seasonal variations in consumption and the availability of gas service. The commission shall review and revise baseline quantities as average consumption patterns change in order to maintain these ratios.~~

~~(2) “Residential customer” means those customers receiving electrical or gas service pursuant to a domestic rate schedule and excludes industrial, commercial, and every other category of customer.~~

~~(b) The commission shall designate a baseline quantity of gas and electricity which is necessary to supply a significant portion of the reasonable energy needs of the average residential customer. In estimating those quantities, the commission shall take into account differentials in energy needs between customers whose residential energy needs are currently supplied by electricity alone or by both electricity and gas. The commission shall develop a separate baseline quantity for all electric residential customers. For these purposes, “all electric residential customers” are residential customers having electrical service only or whose space heating is provided by electricity, or both. The commission shall also take into account differentials in energy use by climatic zone and season.~~

~~(c) (1) The commission shall establish a standard limited allowance which shall be in addition to the baseline quantity of gas and electricity for residential customers dependent on life-support equipment, including, but not limited to, emphysema~~

1 and pulmonary patients. A residential customer dependent on
2 life-support equipment shall be allocated a higher energy allocation
3 than the average residential customer.

4 (2) “Life-support equipment” means that equipment which
5 utilizes mechanical or artificial means to sustain, restore, or
6 supplant a vital function, or mechanical equipment which is relied
7 upon for mobility both within and outside of buildings.
8 “Life-support equipment,” as used in this subdivision, includes all
9 of the following: all types of respirators, iron lungs, hemodialysis
10 machines, suction machines, electric nerve stimulators, pressure
11 pads and pumps, aerosol tents, electrostatic and ultrasonic
12 nebulizers, compressors, IPPB machines, and motorized
13 wheelchairs.

14 (3) The limited allowance specified in this subdivision shall
15 also be made available to paraplegic and quadriplegic persons in
16 consideration of the increased heating and cooling needs of those
17 persons.

18 (4) The limited allowance specified in this subdivision shall
19 also be made available to multiple sclerosis patients in
20 consideration of the increased heating and cooling needs of those
21 persons.

22 (5) The limited allowance specified in this subdivision shall
23 also be made available to scleroderma patients in consideration of
24 the increased heating needs of those persons.

25 (6) The limited allowance specified in this subdivision shall
26 also be made available to persons who are being treated for a
27 life-threatening illness or have a compromised immune system, if
28 a licensed physician and surgeon or a person licensed pursuant to
29 the Osteopathic Initiative Act certifies in writing to the utility that
30 the additional heating or cooling allowance, or both, is medically
31 necessary to sustain the life of the person or prevent deterioration
32 of the person’s medical condition.

33 (d) (1) The commission shall require that every electrical and
34 gas corporation file a schedule of rates and charges providing
35 baseline rates. The baseline rates shall apply to the first or lowest
36 block of an increasing block rate structure which shall be the
37 baseline quantity. In establishing these rates, the commission shall
38 avoid excessive rate increases for residential customers, and shall
39 establish an appropriate gradual differential between the rates for
40 the respective blocks of usage.

~~(2) In establishing residential electric and gas rates, including baseline rates, the commission shall assure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable and while observing the principle that conservation is desirable in order to maintain an affordable bill.~~

~~(3) At least until December 31, 2003, the commission shall require that all charges for residential electric customers are volumetric, and shall prohibit any electrical corporation from imposing any charges on residential consumption that are independent of consumption, unless those charges are in place prior to April 12, 2001.~~

~~(e) (1) Each electrical corporation and each gas corporation shall, in a timeframe consistent with each electrical and gas corporation's next general rate case, disclose on the billing statement of a residential customer all of the following:~~

- ~~(A) Cost per kilowatthour or gas therm per tier.~~
- ~~(B) Allocation of kilowatthour or gas therm per tier.~~
- ~~(C) Visual representation of usage and cost per tier.~~
- ~~(D) Usage comparison with prior periods.~~
- ~~(E) Itemized cost components in the bill to identify state and local taxes.~~
- ~~(F) Identification of delivery, generation, public purpose, and other charges.~~
- ~~(G) Contact information for the commission's Consumer Affairs Branch.~~

~~(2) An electrical corporation and a gas corporation shall make available online to residential customers both of the following:~~

~~(A) Examples of how conservation measures, including changing thermostat settings and turning off unused lights, could reduce energy usage and costs.~~

~~(B) Examples of how energy-saving devices and weatherization measures could reduce energy usage and costs.~~

~~(3) The commission may modify, adjust, or add to the requirements of this subdivision as the individual circumstances of each electrical corporation or gas corporation merits, or for master-meter customers, as individual circumstances merit.~~

1 ~~(4) The commission shall, as part of the general rate case of an~~
2 ~~electrical corporation or gas corporation, assess opportunities to~~
3 ~~improve the quality of information contained in the utility's~~
4 ~~periodic billings.~~

5 ~~(f) (1) In order to encourage energy savings through behavioral~~
6 ~~change, on or before July 1, 2010, the commission shall require~~
7 ~~each electrical corporation and each gas corporation to adopt a~~
8 ~~pilot program to disclose, not less frequently than quarterly, either~~
9 ~~in a separate mailing or on the billing statement of a residential~~
10 ~~subscriber, information documenting the amount of energy used~~
11 ~~by the metered residence compared to similar residences in the~~
12 ~~subscriber's geographical area. The commission shall ensure that~~
13 ~~the pilot program reaches a statistically significant sampling of~~
14 ~~utility customers from, where applicable, diverse geographical~~
15 ~~areas, climate zones, and socio-economic backgrounds.~~

16 ~~(2) The commission shall require each electrical corporation~~
17 ~~and each gas corporation to identify those residences that used~~
18 ~~significantly more energy during the period than was used by~~
19 ~~similar residences with comparable household square footage in~~
20 ~~the subscriber's geographical area and ensure that information is~~
21 ~~provided most frequently to those subscribers on energy saving~~
22 ~~strategies or programs available to assist in financing energy~~
23 ~~efficiency improvements, in addition to the information required~~
24 ~~pursuant to paragraph (1).~~

25 ~~(3) The cost of any pilot program adopted pursuant to this~~
26 ~~subdivision shall be recovered only from the residential ratepayers~~
27 ~~of the electrical corporation or gas corporation.~~

28 ~~(g) On or before July 1, 2011, and each July 1 thereafter, each~~
29 ~~electrical corporation and each gas corporation shall submit to the~~
30 ~~commission and the Legislature a report on the energy savings~~
31 ~~resulting from the pilot program adopted by the utility pursuant to~~
32 ~~subdivision (f). The commission shall assess the energy savings~~
33 ~~resulting from the pilot program and include those savings in the~~
34 ~~commission's evaluation of the utility's overall energy efficiency~~
35 ~~programs and in establishing targets for the utility pursuant to~~
36 ~~Section 454.55 or 454.56. Energy savings shall be measured using~~
37 ~~methodologies meeting the suggestions of the National Action~~
38 ~~Plan for Energy Efficiency, a private-public initiative to create a~~
39 ~~sustainable, aggressive national commitment to energy efficiency~~
40 ~~through the collaborative efforts of the natural gas and electrical~~

1 industries, utility regulators, and other partner organizations and
2 facilitated by the United States Department of Energy and the
3 United States Environmental Protection Agency.

4 (h) Wholesale electrical or gas purchases, and the rates charged
5 therefor, are exempt from this section.

6 (i) Nothing contained in this section shall be construed to
7 prohibit experimentation with alternative gas or electrical rate
8 schedules for the purpose of achieving energy conservation.

9 ~~SEC. 3.~~

10 *SEC. 2.* Section 9505 is added to the Public Utilities Code, to
11 read:

12 9505. (a) In order to encourage energy savings through
13 behavioral change, on or before July 1, 2010, each local publicly
14 owned electric utility and each local publicly owned gas utility
15 *with more than 55,000 residential customer service connections*
16 *that does not already have such a program*, shall adopt a pilot
17 program to disclose, not less frequently than quarterly, either in a
18 separate mailing or on the billing statement of a residential
19 subscriber, information documenting the amount of energy used
20 by the metered residence compared to similar residences in the
21 subscriber's geographical area. The governing board of the utility
22 shall ensure that the pilot program reaches a statistically significant
23 sampling of utility customers from, where applicable, diverse
24 geographical areas, climate zones, and socio-economic
25 backgrounds.

26 (b) Each local publicly owned electric utility and each local
27 publicly owned gas utility *with more than 55,000 residential*
28 *customer service connections that adopts a pilot program pursuant*
29 *to this section* shall identify those residences that used significantly
30 more energy during the period than was used by similar residences
31 with comparable household square footage in the subscriber's
32 geographical area and ensure that information is provided most
33 frequently to those subscribers on energy saving strategies or
34 programs available to assist in financing energy efficiency
35 improvements, in addition to the information required pursuant to
36 subdivision (a). *A utility customer may expressly consent to receive*
37 *this information through electronic mail rather than through the*
38 *United States Postal Service.*

39 (c) On or before July 1, 2011, and each July 1 thereafter, each
40 local publicly owned electric utility and each local publicly owned

1 gas utility with more than 55,000 residential customer service
2 connections that adopts a pilot program pursuant to this section
3 shall report to the Energy Commission on the energy savings
4 resulting from the pilot program adopted by the utility pursuant to
5 subdivision (a). Energy savings shall be measured using
6 methodologies meeting the suggestions of the National Action
7 Plan for Energy Efficiency, a private-public initiative to create a
8 sustainable, aggressive national commitment to energy efficiency
9 through the collaborative efforts of the natural gas and electrical
10 industries, utility regulators, and other partner organizations and
11 facilitated by the United States Department of Energy and the
12 United States Environmental Protection Agency.

13 *(d) This section shall become inoperative on July 1, 2014, and,*
14 *as of January 1, 2015, is repealed, unless a later enacted statute,*
15 *that becomes operative on or before January 1, 2015, deletes or*
16 *extends the dates on which it becomes inoperative and is repealed.*

17 ~~SEC. 4.~~

18 SEC. 3. No reimbursement is required by this act pursuant to
19 Section 6 of Article XIII B of the California Constitution for certain
20 costs that may be incurred by a local agency or school district
21 because, in that regard, this act creates a new crime or infraction,
22 eliminates a crime or infraction, or changes the penalty for a crime
23 or infraction, within the meaning of Section 17556 of the
24 Government Code, or changes the definition of a crime within the
25 meaning of Section 6 of Article XIII B of the California
26 Constitution.

27 With respect to certain other costs, no reimbursement is required
28 by this act pursuant to Section 6 of Article XIII B of the California
29 Constitution because a local agency or school district has the
30 authority to levy service charges, fees, or assessments sufficient
31 to pay for the program or level of service mandated by this act,
32 within the meaning of Section 17556 of the Government Code.